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4 October 1969

TO: [REDACTED]  
FROM : Assistant Director, OSO  
Chief, Inspection and Security Staff  
Chief, Inspection Division

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I. AUTHORITY AND MISSION

1. Pursuant to oral instructions from the Chief, Inspection and Security, a special security inspection was made by [REDACTED] on 20 September 1969 of the security conditions connected with the Confidential contract of the [REDACTED] now being performed for CIA (OSO/Corro) under Number 180-86-UV, providing for the manufacture of standard communications equipment.

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2. This inspection included the checking or observation of the contractor's offices and plant, with particular reference to physical aspects and controls related to security and protection; the procedures for the selection and control of personnel; and the safeguarding of classified information, documents and material.

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II. FINDINGS

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[REDACTED]  
buildings. One building is a two story permanent brick and concrete structure with office space and a drafting room on the second floor and an assembly line room on the first floor; the second, comprised of Quonset huts, is used for manufacturing and storage; and the third is a concrete and steel structure, now under construction, which will be used for manufacturing and storage. It is planned to replace the Quonset hut structure with a concrete and steel building. The plant is located on a ten acre tract of land, which is enclosed on three sides by a heavy wooden eight foot fence, and has a lake shore for the other boundary. The fence has one gate located near the entrance to the plant, which can be closed and locked. A twenty-four hour armed guard service is maintained. [REDACTED] who has been in the communications field for thirty years, had several World War II Government contracts and has just completed an \$800,000 contract for the Signal Corps. At the time of this inspection he was engaged only in work for CIA, employing about thirty people.

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2. [REDACTED] President and owner of the corporation, is the active manager of all operations, and resides within the fenced area in the only building other than those of the plant.

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3. Due to the fact that [REDACTED] is manufacturing a standard product for CIA, knowledge of the existence and the amount of the contract is the sensitive security feature of this contract. This knowledge is restricted to four people whose names are listed in Tab A. It was learned that personnel security questionnaires had not been submitted to CIA on these four individuals, and that apparently [REDACTED] had not been furnished with questionnaire forms. He was advised that a supply of forms would be forwarded to him, and he stated that he would have them filled out and submitted immediately for the four listed people, and that he will submit questionnaires on all employees who will in the future have knowledge of the contract or have access to classified material or information relating to the contract.

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4. The inspection disclosed a generally satisfactory condition with reference to security and protection. [REDACTED] appeared to be security conscious as evidenced by such measures as a good fence, twenty-four hour guard service, adequate storage vault, restriction of classified information and careful selection of personnel.

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5. [REDACTED] advised that he personally does not have frequent contact with CIA; that practically all contacts with CIA are handled by [REDACTED]

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A security inspection was made of the [REDACTED] of the Inspection Branch on 12 September 1969, and it was determined that [REDACTED] had been cleared for security, and that all persons with this corporation, who have knowledge of the [REDACTED] or other CIA contracts have been security cleared or have submitted personnel security questionnaires. It was found that [REDACTED] did not have a clear understanding with reference to the handling of mail to CIA. The proper procedures were explained to him by [REDACTED] at the time of the inspection.

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III.

CONCLUSIONS

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1. [REDACTED] appears to be very cooperative and has a desire to follow any recommendations made by CIA with reference to security, and has the facilities to safeguard adequately classified information and material.

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2. The failure to submit personnel security questionnaires to CIA for security clearance appears to be due to lack of specific instructions from CIA.

IV.

RECOMMENDATIONS

1. Action be taken to insure the submittal and processing of personnel security questionnaires for all personnel listed in Tab A.
  2. The contractor be provided with complete information and instructions for guidance in effecting maximum security in conformance with CIA security standards.
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